MAY 20 1988

Contract

AGREEMENT made the 9th day of February, 1988, between ~~Whole Earth Review~~ Point Foundation c/o John Brockman Associates, whose address is 2307 Broadway New York, NY 10024 hereinafter referred to as the "Author," and Harmony Books, a division of Crown Publishers, Inc. of 225 Park Avenue South, New York, New York, hereinafter referred to as the "Publisher," with respect to the work tentatively entitled (1) SIGNAL: THE WHOLE EARTH COMMUNICATIONS CATALOG ("Book 1"); and (2) FRINGES OF REASON ("Book 2"), written by the editors* of Whole Earth Review and edited by Kevin Kelly (hereinafter referred to collectively as the "Editors") and contributors collectively hereinafter referred to as the "Work." /(Book #1), and Ted Schultz (Book #2).

1. The Author hereby grants to the Publisher, its successors and assigns, during the term of the copyrights in the Work and all renewals and extensions thereof as presently in force or as hereafter amended by law:

(a) The exclusive right to print, publish and sell the Work and to cause the Work to be printed, published and sold in book form in the English language in the United States of America, its present territories and possessions, Canada, and in every country throughout the world;

(b) The exclusive right to publish or license the work for publication in the English language in any country which is part of the (British) Commonwealth of Nations (exclusive of Canada); but if the Work has not been so published or licensed for publication or is not under option for such publication within eighteen (18) months after first publication of the Work in the United States in any such country, then, with respect to such country the Author may rescind the right granted in this subdivision (b), by written notice delivered to the Publisher;

(c) The exclusive right to license the Work for publication in any other language throughout the world, but as to each country and language in which the Work has not been so licensed for publication, or is not under option for such publication within three (3) years after first publication of the Work in the United States, the Author may rescind by written notice to the Publisher the right granted as to such country and language included in this subdivision (c).

2. The Author warrants that neither the Work nor any part thereof is in the public domain, that ~~he is the sole author of the Work~~, and the owner of all the rights in this agreement granted to the Publisher or in which the Publisher has an interest hereunder and has full power and authority to enter into this agreement; that the Work is original with the ~~Author~~ in every respect; that neither the Work nor any part thereof has heretofore been published except as follows (here include permissions acquired by the Author for the Work, if any):

One-third of the material contained in the Work has been previously published by Whole Earth Review; with respect to such material, the Author warrants that it owns all rights granted herein to the Publisher;

that the Author is

the Editors are the sole authors

Editors

that the Author has not heretofore granted any rights in the Work or any part thereof except as hereinabove set forth and as follows:

With respect to any rights reserved by the Author, the Author agrees that he will notify the Publisher promptly in writing of any arrangement that he may make in connection with the Work prior to the first publication of the Work hereunder, and secure copyright protection therefore in the United States, Canada, and such other countries in which the Work may be published, and will also notify the Publisher of all copyrights in the Work or any part thereof that may hereafter be secured and will deliver to the Publisher timely, recordable assignments to the Publisher of all such United States copyrights. Prior publication of the Work and of any part thereof in any form shall be licensed by the Author only with the written consent of the Publisher. The Author agrees not to exercise any rights or commit any acts that will adversely affect any of the rights granted to the Publisher hereunder.

For in any length over 10,000 words

such consent not to be unreasonably withheld

3. The Author warrants that the Work does not infringe any copyright or violate any other right of any person or party whatsoever and does not contain any defamatory, libelous or unlawful matter including invasions of the right of privacy or publicity of another. The Author agrees to hold the Publisher harmless against any loss, damage, expense (including legal fees), judgments and decrees which the Publisher may suffer or incur as the result of the assertion of any claim or the commencement of any action or proceeding against the Publisher upon the ground that the Work contains any defamatory, libelous or other unlawful matter which may or may not be listed above or infringes upon any copyright or violates any other right of any person or party whatsoever, or as a result of undertaking the defense of any such claim, action or proceeding against any of the Publisher's licensees or purchasers of the Work, and the payment of any judgment rendered therein, or any settlement therefor, if any. In the event that there is asserted any such claim, or an action or proceeding is instituted, the Publisher shall promptly notify the Author and may withhold payments due him under this or any other agreement with the Publisher until payment or satisfaction of the claim, judgment, or settlement is effected.

the mechanicals for

4. The Author shall deliver to the Publisher not later than July 15, 1988 for Book 1 and September 1, 1988 for Book 2 ~~a legible typewritten or printed copy of~~ the Work, in form and substance satisfactory and acceptable to the Publisher, complete and ready for the printer, ~~together with material from which such illustrations, maps and diagrams as the parties may jointly deem necessary can be reproduced without redrawing for use in the volume herein contemplated, collectively~~

"Mechanicals." (See Rider Paragraph 4.)

hereinafter referred to as the ~~"Manuscript." If the Author should fail to deliver such Manuscript to the Publisher by the said date of delivery, time being of the essence, upon notice to the Author, the Author shall repay to the Publisher the amount of any advance theretofore received by the Author hereunder. If, in the opinion of the Publisher, the text is not, because of inaccuracy of grammar, spelling, punctuation, capitalization or the like, ready for the printer, the Publisher may request the Author to make necessary corrections, and if the Author within four weeks after such request shall fail to deliver the Manuscript corrected as aforesaid, then the Publisher may have the necessary corrections made and the cost resulting from a reading thereof and making the necessary corrections shall be paid by the Author upon rendition of invoice or upon the option of the Publisher be charged against any sums accruing to the Author under the terms of this agreement.~~

~~5. The Author agrees to read, revise, correct and promptly return all proof sheets of the~~ Work; and the cost of alterations, in type or in plates, required by the Author ~~other than~~ those due to printer's errors, in excess of 10% of the cost of composition ~~shall be~~ paid by the Author upon rendition of invoice or upon the option of the Publisher be charged against any sums accruing to the Author under the terms of this agreement. If such proof sheets are not promptly returned, the Publisher may publish the Work as printed therein. If an index to the Work shall be required by the Publisher, the same shall be provided by the Author to the Publisher within 7 days of the receipt of pages by the Author; otherwise the Publisher may have such index ~~prepared at the Author's expense.~~

6. The Publisher agrees, subject to its receipt of the ~~Manuscript~~ Mechanicals satisfactory and acceptable to the Publisher as to form and substance, that it will print and publish the Work at its own expense, in such styles and at such prices as it deems best suited for the sale of the Work, unless prevented from doing so by war, strike, earthquake, flood or by any other matter not within the control of the Publisher. See Rider Paragraph 6.

twelve (12) within / ~~eighteen (18)~~ months of acceptance of Mechanicals for each Book

each Book

7. After publication of the Work, the Publisher will deposit the Work in the copyright office and register the copyright of the Work in the United States in the name of ~~the Author~~ Point Foundation, provided that the Author delivers to the Publisher all assignments necessary thereto. The Author agrees to apply for any renewal of said copyright prior to the expiration of the original term thereof, but if he shall fail to do so within six months prior to the expiration of the time for such renewal, then the Publisher may make such application in the name of the Author, and is hereby appointed irrevocably the Author's agent to do so, and if the original copyright be in the name of the Publisher, the Author agrees to assign the renewed copyright to the Publisher. The Author agrees to renew the copyright in any abridgment, condensation, revision or partial publication of the Work.

~~8. The Author agrees that in the event that the Publisher shall notify the Author of the~~ Publisher's desire to publish a revised edition of the Work, the Author will make ~~such~~ revisions in the Work as the Publisher shall indicate. If the Author shall be ~~unwilling~~ to make such revisions, or shall fail to make the same within a reasonable ~~time~~ after the Publisher shall have requested the Author so to do, then the Publisher ~~shall~~ have the right to cause said revisions to be made by a person or persons of the Publisher's choosing, and shall charge the cost thereof to any sums accruing to the Author hereunder and at the Publisher's option may continue to use the name of the Author in connection with the revised Work, it being specifically understood that this agreement shall relate to all revisions of the Work as well as to the original version ~~thereof. Upon publication of any revision the royalties set out in clause 9 (a) shall apply anew.~~

With respect to each Book, the

9. ~~The~~ Publisher shall pay to the Author sums as follows:

(a) 10 % of the catalogue retail price on sales of the regular trade edition of the Work (except as hereinafter set forth), less returns, but with no deductions for bad debts on the first 5,000 copies; 12½% on the next 5,000 copies; and 15% on all copies thereafter.

7½ % of the catalogue retail price on sales of a trade paperback edition of the Work (except as hereinafter set forth), less returns but with no deductions for bad debts on all copies

(b) 5% of the catalogue retail price, less returns, but with no deductions for bad debts, on all copies sold directly to the consumer through the medium of mail and telephone orders, or by coupon advertising; See Paragraph 28.

(c) ~~10~~ 15% of the Publisher's net price, less returns, but with no deductions for bad debts, on all copies sold at a discount ~~of 50% or more~~ from the catalogue retail price; See Rider Paragraph 9(c).

/between 50% and 54.9%

(SEE BELOW)

(d) Two-thirds of the above rates of royalty on annual sales aggregating fewer than one thousand (1,000) copies of the trade edition provided such copies are sold from a second or later printing of not more than two thousand five hundred (2,500) copies;

(e) 5% of the catalogue retail price on sales of inexpensive ~~hardcover~~ editions of the Work * ~~whether hard or soft cover~~, published by the Publisher, less returns, but with no deductions for bad debts; *such edition not to be published sooner than one year after initial publication

(f) On copies furnished gratis to the Author, or for review, advertising, sample, or like purpose, no royalty shall be paid;

(g) If, after the first year of publication, the Publisher shall sell any copies of the work at remainder prices, the royalty shall be 10% of the net price received except that if the net price received shall be less than the manufacturing costs, no royalties shall be payable.

(h) 75 % of the royalties by the Publisher from a foreign publisher, where such foreign publisher pays a royalty on sheets, separate from the Publisher's charges for the sheets;

(i) 75 % of the sums received by the Publisher from the disposition of rights granted to it under paragraph 1 (b) hereof (publication in any country that is a member of the [British] Commonwealth of Nations exclusive of Canada); See Paragraph 21.

#and 10% of the Publisher's net price, less returns but with no deductions for bad debts on all copies sold at a discount of 55% or more from the catalogue retail price;

(j) 75 % of the sums received by the Publisher from the disposition of rights granted to it under paragraph 1 (c) hereof (translation rights). See Paragraph 21

10 (a) The Publisher shall have exclusive control and the exclusive right in behalf of both parties hereto to dispose of the following publishing and mechanical and other recording rights in the Work throughout the world and in all languages but not in limitation thereof: reprint, whether hard- or soft-cover editions (including sets and omnibus volumes), selection, digest, abridgment, condensation, second serialization, ~~microfiche~~, book club, mail order, ~~microfilming, recording, film slide, computer storage, syndication,~~ Braille, reading (direct or transmitted) of the text of the Work, ~~comic strip, three-dimensional reproduction of characters, commercial and merchandising rights and video rights~~. Upon disposition of any of the foregoing rights, the net proceeds thereof shall be divided equally between the Author and the Publisher. ~~Upon direct exploitation by the Publisher of the mechanical recording rights or the three dimensional reproduction rights, the Publisher shall pay to the Author 10% of the net proceeds received by the Publisher as the result thereof.~~ See Paragraph 21.

~~(b) The Publisher shall have the exclusive control of, and the exclusive right to dispose~~ of dramatic, dramatico-musical, motion picture, public reading and other non-dramatic performing, radio and/or television rights in the Work throughout the world and in all languages, and the proceeds of such disposition shall be divided % to the Author and % to the Publisher; all contracts relating to these rights shall be in the name of the Author and subject to the approval of the Author, which approval shall not be unreasonably withheld.

(c) The Publisher shall have the exclusive control and the exclusive right in behalf of both parties hereto to dispose of first serialization of the Work in full-length, condensed or abridged versions before publication, and the net proceeds of each disposition shall be divided ~~% to the Author and % to the Publisher.~~

(d) The Author further agrees that in the event of an infringement by another party in the rights granted to the Publisher or rights of exclusive grant by the Publisher, the Publisher may at his option participate in the action brought by the Author against the infringing party to recover damages resulting from the infringement, and the net recovery shall be divided between the Author and the Publisher in the same proportion as if the grant of those rights had been made to the infringer. In the event that the Publisher shall institute suit and the Author shall refuse to join as plaintiff upon the institution of suit for such infringement, the recovery shall belong exclusively to the Publisher.

(e) The rights granted in paragraph 10 shall be for the term of copyright of the Work.

11. The Publisher shall pay to the Author as an advance against all sums due or accruing to the Author under the terms of this agreement, the sum of $80,000 , as follows: $40,000 on signing hereof; $20,000 on delivery and acceptance of the Mechanicals for Book 1 satisfactory to the Publisher in form and substance and in conformity with Paragraph 4 hereof; $20,000 on delivery and acceptance of the Mechanicals for Book 2 satisfactory to the Publisher in form and substance and in conformity with Paragraph 4 hereof.

12. The Publisher shall render to the Author semi-annual statements of account to the first day of January and the first day of July for each such period after publication of the Work during which sums due to the Author hereunder in excess of $25 shall have accrued. It shall forward such statements to the Author and shall make payments in accordance with said statements, subject to adjustment for returns and for sums due to the Publisher by the Author, during May and November following. The Publisher may deduct any overpayment (unearned advance shall not be considered overpayment) to the Author from any subsequent payment which may become due to the Author, ~~whether the overpayment or the subsequent payment shall become due on the contract for the Work or on contracts for other works of the Author published by the Publisher~~. In its statement of account the Publisher may set up a reasonable reserve that in its opinion will allow for returns.

See Rider Paragraph 12.

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13. The Publisher shall give to the Author without charge upon publication of the Work, ~~10~~ /30 copies thereof; and the Author shall have the right to purchase additional copies for personal use but not for resale, at a discount of 40% from the retail list price thereof.

14. The Author agrees that during the existence of this agreement he will not, without the written consent of the Publisher, print or publish, or cause or authorize to be printed or published, any revised, corrected, enlarged, abridged, or competitive version of the Work, or in any wise assist or be interested in any such version, except as permitted under paragraph 8 hereof.

and/or the Editors

~~15. The Publisher shall have the first option of publishing the Author's next book-length work upon the terms in this paragraph set out. The Author agrees to submit to the Publisher his next book-length work before submitting the same to any other publisher. The Publisher shall be entitled to a period of six weeks after the submission of the completed manuscript, which period shall not commence prior to one month after the publication of the Work covered by this agreement, within which to notify the Author of its decision. If within that time the Publisher shall notify the Author of its desire to publish the manuscript, the Publisher and the Author shall agree to negotiate in good faith with respect to the terms of such publication. If negotiations between the Publisher and the Author shall fail to produce an agreement to publish, the Publisher shall have the option to meet the terms of a bona fide offer of any other publisher within a reasonable time after submission to the Publisher of the other publisher's offer. The Publisher's option shall remain in effect unless the work submitted to the Publisher is accepted by another publisher on terms which the Publisher shall not meet.~~

16. In the event that the Publisher shall be adjudged a bankrupt, or if it shall make a general assignment for the benefit of its creditors, the Author may terminate this agreement by giving written notice thereof to the Publisher.

If the Publisher shall decide at any time after two years subsequent to the date of first publication of ~~the Work that the Work~~ is no longer salable in any edition, and no longer lends either Book that such Book

such Book

itself to exploitation of the rights and powers granted it hereunder, the Publisher shall give written notice to the Author of its intention to discontinue exploitation of ~~the Work~~, in which event the Author shall have the right to terminate this agreement by giving written notice thereof to the Publisher, subject to extant rights of others in ~~the Work~~ such book.

with respect to such Book

In any of the foregoing events, such notice must be given to the Publisher within sixty (60) days after the occurrence of such event; the Author shall have the right to include in such notice of termination a statement electing to purchase (within a period of sixty [60] days after the giving of such notice) the remaining copies or the films or plates of ~~the Work~~ (if available), or both. If he shall include such a statement, the price shall be a sum agreed upon between the Author and the Publisher, or if they shall fail to agree, than the price shall be the fair market value thereof as determined by an arbitration conducted in the County and State of New York by the American Arbitration Association under its rules applicable to commercial disputes. If the Author shall fail to purchase film or plates, the Publisher shall have the right to melt film or sell them as scrap or otherwise dispose of them, and if the Author shall not purchase the stock, the Publisher may sell the same in the regular course of business or at the best price obtainable therefore, without payment to the Author of any royalty thereon. ~~In the event of~~ such termination, if the copyright in the Work shall be in the name of the Publisher, then the Publisher or its successors in interest shall assign said copyright to the Author or to the record owner of the copyright, as the case may be; ~~and all~~ rights then in the Publisher and thereafter reacquired by the Publisher ~~shall be~~ assigned, subject to the Publisher's right to sell its stock on hand as ~~above set~~ forth and to receive its share of all sums due and to become due from its ~~licensees hereunder.~~

such Book

17. All communications and notices hereunder (except notices of recission, breach and termination, which must be given by registered mail) may be given by ordinary mail and shall be addressed to the parties at their addresses first hereinabove set forth, or at such other address as either party may designate in a notice given to the other party.

18. This agreement contains the full agreement of the parties and all representations, warranties and inducements made by either of them, and may not be changed orally; and no modification thereof nor any waiver of any term thereof shall be valid unless it be in writing signed by both the Publisher and the Author.

19. This agreement shall be binding upon and inure to the benefit of the successors and assigns of the Author and the successors and assigns of the Publisher.

See Rider Paragraph 20.

20. ~~The Author hereby empowers the Publisher to pay his agent,~~ all monies that become due under this agreement and ~~declares~~ that the said agent's receipts shall be a good and valid discharge. ~~The~~ Author further empowers the Publisher to treat with said agent ~~on all matters arising out of this agreement, by which the Author shall be bound.~~

See Rider Attached Hereto and Made Part Hereof.

WITNESS the signature of the Author, and of the Publisher by its duly authorized officer.

Whole Earth ~~Xxxxxxxx~~ Point Foundation

94-2147154
Recipient's ~~Tax~~ Number
Federal ID

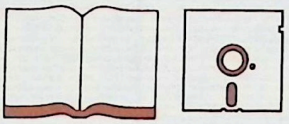
By Kevin Kelly
Author

Citizenship

Harmony Books, a division of
Crown Publishers, Inc. L.S.

By Bruce Harris

Bruce Harris



MAY 2 0 1988

John Brockman Associates, Inc. 2307 Broadway New York, New York 10024 (212) 874-0500

Katinka Matson
Executive Vice-President

May 10, 1988

Kevin Kelly
Whole Earth Review
27 Gate Five Road
Sausalito, CA 94965

Dear Kevin:

Here is your copy of the contract, re-signed by Bruce Harris.

Money Friday, they say.

Best,

Katinka Matson

KM:meh
Encl.

Rider to the agreement dated February 9, 1988 between ~~Brooke Barlow~~ Point Foundation ~~Review~~ (herein the "Author") and Harmony Books, a division of Crown Publishers, Inc. (herein the "Publisher") for the publication of Two (2) works tentatively entitled SIGNAL: THE WHOLE EARTH COMMUNICATIONS CATALOG ("Book 1") and FRINGES OF REASON ("Book 2") (herein collectively the "Work"), written by the editors of Whole Earth Review and edited by Kevin Kelly/(herein collectively the "Editors"). /(book #1) and Ted Schultz (Book #2)

21. The Publisher agrees to consult with the Author prior to licensing British Commonwealth rights, foreign language rights, book club rights or reprint rights to the Work.

22. The final title of each Book shall be mutually agreed upon by the Author and the Publisher.

23.a) The Publisher will include the following clause, or substantially similar clause with the same effect, in any reprint license for the Work: "No advertising will by printed in, or will be included in (bound or unbound) with or distributed with or inserted into any copies of the licensee's edition of the Work without licensor's written consent. Such consent may be withheld by licensor for any reason, including, without limitation, conditioning such approval upon licensor and Author receiving a share of licensee's revenue from such advertising, and upon licensor obtaining the consent of the Author. It is acknowledged that the Author has the right to withhold his consent for any reason. Licensor consents to licensee lising, inside the back cover or in the last four pages of its edition, the title of the work by the Author or others in print in the licensee's edition." SEE BELOW

24. The Author further warrants and represents that he has valid written contracts with the Editors, enabling the Author to grant the rights herein granted to the Publisher. The Author shall be responsible for performing said contract and shall hold the Publisher harmless from any claim in connection therewith. The Author shall do everything necessary to keep said contracts with the Editors in full force and shall not permit any alterations or terminations thereof which would affect the Publisher's rights under this agreement. The Author shall be solely responsible for all payments to the Editors and the Publisher shall have no responsibility in this regard.

25. The Publisher shall create a General Royalty Account to which will be credited all earnings and against which will be charged all payments (including advances paid or payable) to or on behalf of the Author under this agreement with respect to each Book which makes up the Work.

26. The Author agrees to enter into an agreement with Stewart Brand for the writing of an introduction to Book 1, ~~and a copy of such agreement shall be supplied to the Publisher~~. The Author shall be responsible for any payments due Stewart Brand pursuant to such agreement and the Publisher shall have no responsibility in this regard.

27. The Publisher shall further pay to the Author as a non-recoupable fee for the production of Mechanicals, the sum of $25,000 for each Book, for a total of $50,000, payable as follows: $25,000 on signing hereof; $12,500 on delivery and acceptance of the finished Mechanicals for each Book satisfactory to the Publisher and in conformity with Paragraph 4 hereof. The Author shall pay for all costs associated with the production of such camera-ready Mechanicals, including the cost of copyediting, proofreading, design, typesetting, dummying, stats, mechanicaling and correcting mechanicals.

Rider Paragraph 4

(a) As used herein, the "Mechanicals" to be delivered to the Publisher hereunder shall include the following: Camera-ready

23 (b) Publisher shall not insert any advertising in its edition of the Work without the consent of the Author.

mechanicals for each Book with Veloxes in place, trim size 10 1/2" x 12" for Book 1 and 8 1/2" x 11" for Book 2; camera-ready mechanicals for the cover of the Publisher's paperback edition of each Book and for the jacket of the Publisher's hardcover edition of each Book. The jacket design, jacket copy and cover copy shall be subject to the Publisher's approval. The Author further agrees to supply to the Publisher a detailed outline and table of contents for each Book as soon as possible, a jacket sketch and sample spreads for each Book for sales conference upon dates to be mutually agreed.

(b) If the Author should fail to deliver the Mechanicals for either Book to the Publisher within thirty (30) days of the said dates of delivery, time being of the essence, upon notice to the Author, the Author shall repay to the Publisher the amount of any advance theretofore received by the Author hereunder for such Book and which has not been previously recouped and this agreement shall terminate and all rights granted hereunder with respect to such Book shall revert to the Author.

If the Publisher deems the Mechanicals for either Book, when delivered, unsatisfactory in form and/or substance, upon written notice to the Author the Publisher may terminate this agreement with respect to such Book and all rights granted hereunder with respect to such Book shall revert to the Author without further obligations or liabilities between the parties except as follows: For a period of twelve (12) months from the date of such termination notice the Author shall use his best efforts to sell such Book or any portion thereof elsewhere and shall repay any and all sums paid the Author under the terms of this agreement for such Book and which has not been previously recouped from the first (and all) proceeds of any contracts with others concerning such Book or any rights thereto, including, without limitation, the rights set forth in Paragraph 10(a) hereof. At the end of such twelve (12) months period, however, the Author shall also be directly liable for repayment of any portions of such sums received by the Author hereunder not theretofore repaid.

For the purpose of this Paragraph 4(a) only, it is understood that the advance applicable to each Book is deemed to be $40,000.00.

(c) Together with and as part of the complete Mechanicals the Author shall obtain, at his expense, permissions from others that are required for publication of any of the photographs contained in the Work. Said permissions shall be delivered on the due date of the Manuscript, cover the exercise of all rights and all territories, markets and editions covered by this Agreement, and shall be in a form satisfactory to the Publisher.

Rider Paragraph 6

In the event Publisher shall fail to publish and commence distribution of either Book within the time above provided, the Author may at any time thereafter serve a written demand upon the Publisher, by registered mail, return receipt requested, requiring the Publisher to publish and commence distribution of such Book within ninety (90) days after receipt of such written demand, and if Publisher shall fail to comply with such demand within such ninety (90) days period, then this agreement shall terminate with respect to such Book without further notice at the end of such period. In the event of termination by the Author pursuant to this paragraph, such payments as shall have been made to the Author hereunder as advances with respect to such Book shall be deemed in full discharge of all Publisher's obligations to the Author pursuant to this agreement and no other damages, claims, actions or proceedings, either legal or equitable, founded on breach of contract, default or failure to publish or otherwise, may be claimed, instituted or maintained by the Author against the Publisher.

Rider Paragraph 9(c)

Such sales at a discount of 50% or more shall be bona fide sales, in accordance with the Publisher's then current discount schedules (copies of the discounts schedules in use as of this date are attached hereto as Exhibits 1 and 2) e.g. sales outside the U.S. (chiefly Canada) and for sales to book clubs and mail order firms in cases where no rights contracts are involved. The Publisher shall be bound by Exhibits 1 and 2 or the Publisher's then current discount schedule for purposes of calculating the proceeds due to the Author under this agreement.

Rider Paragraph 12

(a) When the Publisher has disposed of any subsidiary rights to the Work, any proportionate share of the proceeds which may (in accordance with Paragraph 10(a) hereof) be due the Author, less any unearned advances and/or over-payments and after the Publisher's allowance for reserve for returns (herein collectively "Deductions"), shall be paid at the time the next applicable royalty statement is rendered provided, however, that with respect to any advances actually received by Publisher in connection with the disposition of U.S. mass-market paperback reprint rights or book club rights, if the Author makes a written request for immediate payment after such a disposition, the Publisher shall pay the Author's share of such advance (after such Deductions) within sixty (60) days after receiving such a request.

(b) The Author shall have the right to demand from the Publisher an accounting by a Certified Public Accountant of the books, records, and agreements which are relevant to the Author. Such examination shall be conducted not more than once a year, during regular business hours, and shall be at the Author's expense unless errors of accounting amounting to five percent (5%) or more of the total sums accrued to the Author shall be found to the Author's disadvantage, in which case the reasonable cost of the examination shall be borne by the Publisher and payment of the amount due shall be made within thirty (30) days thereafter.

Rider Paragraph 20

All sums of money due the Author under this agreement shall be paid to the Author's agent, John Brockman Associates, Inc., 2307 Broadway, New York, New York, and the receipt of the said John Brockman Associates, Inc. shall be a good and valid discharge of all such indebtedness; and the said John Brockman Associates, Inc. is hereby empowered by the Author to act in all matters arising from this agreement. For services rendered and to be rendered, the Author does hereby assign and transfer to John Brockman Associates, Inc. and John Brockman Associates, Inc. shall retain the sum equal to fiteen percent (15%) as any agency coupled with an interest, out of ~~this agreement~~ all monies due and payable to and for the account of the Author under this agreement.

INITIAL HERE

28. Author retains right to make non-exclusive mail order sales either by direct mail or through its magazine publications. Author shall purchase books in minimum quantities of 1,000 copies, non-returnable, no royalty, discount of sixty per cent (60%) off list, payment terms: 30 days.

EXHIBIT 1

CROWN PUBLISHERS Inc.

CROWN PUBLISHERS, INC. CLARKSON N. POTTER, INC. HARMONY BOOKS

WHOLESALE DISCOUNT SCHEDULE

Forward All Orders to:	Cash Discount:	Address for Returns:
Crown Publishers, Inc. 225 Park Ave., South New York, N.Y. 10003	2/10 EOM, net 30 All shipments FOB Warehouse, Avenel, N.J.	Crown Publishers, Inc. Returns Department 34 Englehard Avenue Avenel, N.J. 07001

DEFINITION OF A WHOLESALER: Any booktrade dealer whose non-retail sales represent 90% or more of his total annual volume. Dealer must supply Crown Publishers with a letter to that effect.

QUALIFICATIONS: Must order at least 50% of all new hardbound or paperbound titles published by Crown in any one season. Agrees to maintain and stock an inventory of backlist titles and a permit a regular inspection of stock by a representative of Crown.

New and Backlist Titles
Single and Assorted

CLOTH	1-1,999	copies	49%
PAPER	1 and up	copies	50%
SINGLE TITLES	2000 and up		50%

RETURN POLICY: Publisher permits return of overstock under the following conditions:

Period of Eligibility: Not before 6 months from date of invoice. Jobber must request and receive publisher's permission and label before shipping returns.

Credit Allowed: Full credit if jobber supplies invoice numbers and discount billed, otherwise credit will be issued at a uniform 49% discount for cloth and 50% discount for paper. All books must be in saleable condition and shipped postpaid to our warehouse address. We do not accept books that have been stripped. No credit will be issued on receipt of shopworn books. All returns are for credit only and may be applied against future purchases.

Damaged & Defective Books: No permission is necessary. Return books with invoice information and statement of defects. No return penalty.

POLICY CONCERNING REBATES: On original edition of reprint titles, rebates will be granted provided that the original edition has not been out of print 6 months or longer.

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EXHIBIT 2

CROWN PUBLISHERS Inc.

CROWN PUBLISHERS, INC. CLARKSON N. POTTER, INC. HARMONY BOOKS

TRADE DISCOUNT SCHEDULE

Forward all orders to:

Crown Publishers, Inc.
225 Park Ave., South
New York, N.Y. 10003

Cash discount:

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Address for returns:

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Returns Department
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Avenel, N.J. 07001

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New and Backlist Titles

1-4 copies	20%
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For damaged and defective returns, no return permission is necessary. Return books with invoice information and statement of defects. No return penalty.

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POLICY CONCERNING REBATES: On original editions of reprint titles, rebates will be granted provided that the original edition has not been out of print 6 months or longer.

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